

Statement of Considerations

REQUEST BY CATERPILLAR INC. FOR AN ADVANCE WAIVER  
OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT  
INVENTIONS MADE IN THE COURSE OF OR UNDER UT-  
BATTELLE, LLC SUBCONTRACT NO. 4000015381 UNDER  
DEPARTMENT OF ENERGY CONTRACT NO. DE-AC05-  
00OR22725; DOE WAIVER DOCKET W(A)-02-041 [ORO-774]

Caterpillar, Inc. (Caterpillar) has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under UT-Battelle Subcontract No. 4000015381 under Department of Energy (DOE) Contract No. DE-AC05-00OR22725 and under certain subcontracts entered thereunder with parties who do not qualify for treatment under Public Law 96-517 or who are not DOE National Laboratories. The scope of the work calls for the development of high temperature advanced materials for lightweight valve train components. The work is sponsored by the Office of FreedomCar and Vehicle Technologies.

The dollar amount of the subcontract is \$678,000 with Caterpillar cost sharing \$339,000 or 50% of the subcontract. The period of performance is from January 1, 2002 through December 2003, with a possible extension until December 2004.

Caterpillar has considerable experience in developing advanced materials and material related processes for earth moving machine applications as well as advanced materials and processes for diesel and natural gas engines. In addition, Caterpillar has made significant internally funded investments in research, development, and manufacturing of components for machines and engines. Of particular importance is Caterpillar's demonstrated technical competence in thermal spray applications, wear resistant materials, thin film coatings, ceramics, metal matrix composites, high temperature steels, powdered metallurgy, as well as advanced manufacturing techniques including heat treatment, casting, combustion technology, engine component technologies and engine electronic controls technology. Caterpillar's experience and expertise will thus contribute substantially to development of the inventions made under the subcontract.

Caterpillar is the world's largest manufacturer of earth-moving, materials handling and construction equipment and a world leader in design, development, production and marketing of medium and heavy duty diesel engines, spark ignited gas engines, and industrial gas turbine engines. It produces approximately 113,000 diesel engines a year with power ranges from 42 to 7,300 horsepower. Considering its market position, it has the capability to commercialize engine technology developed under the subcontract.

It is recognized that subcontractors not subject to P.L. 96-517 or DOE National Laboratories have the right to request a waiver in their own subcontracts regardless of whether they cost share and can also request a waiver of rights in identified inventions on a case-by-case basis. Accordingly, the waiver of subcontractor inventions to Caterpillar only applies where the subcontractor acknowledges its right to ask for greater rights in its subject inventions and agrees to Caterpillar obtaining rights in these inventions by providing a letter to DOE containing a statement or by signing a subcontract having terms indicating such acknowledgment and agreement. Further, Caterpillar acknowledges that it is to negotiate within the bounds of minimum rights and conditions required by the cooperative agreement and this waiver with

subcontractors. These minimum rights include a U.S. Government license, march-in rights, and U.S. Preference and Competitiveness provisions.


If the requested waiver is approved the Patent Rights - Waiver clause will be included in the subcontract. Petitioner has accepted the Patent Rights -Waiver clause including march-in rights, granting of licenses to background patents necessary for practicing subject inventions, retention by the government of a license, and preference for U.S. industry.

In addition, Caterpillar agrees that any product, process or service using any intellectual property arising from the performance of this subcontract, including that resulting from a Subject Invention shall be manufactured, practiced or provided substantially in the United States, unless Caterpillar can demonstrate that it is not commercially feasible or reasonable to do so. In the event that Caterpillar does not manufacture products embodying waived inventions substantially in the United States, Caterpillar and the DOE shall agree on terms and conditions appropriate to assure the public receives some benefit of DOE's investment or recoupment of a portion of DOE's investment in the waived inventions not substantially manufactured in the United States.

Granting of the waiver should have little effect on competition since there are several technology options, this being one of many previously or yet-to-be developed in the marketplace, thus there should not be undue market concentration of Caterpillar products.

Grant of the requested waiver should serve as encouragement to other DOE contractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

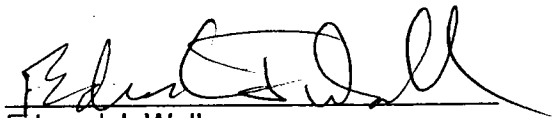
In view of the acceptable level of cost sharing by Caterpillar and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.

  
Emily G. Schneider  
Assistant Chief Counsel for  
Intellectual Property

Date 12/11/03

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.


## CONCURRENCE:



Edward J. Wall  
Office of FreedomCAR  
and Vehicle Technologies  
EE-2G

Date: 2/12/04

## APPROVAL:



Paul A. Gottlieb  
Assistant General Counsel for Technology  
Transfer and  
Intellectual Property

Date: 2-25-04